

## **CITY OF CORONA**

### **SIDE LETTER OF AGREEMENT MODIFYING THE 2009-2015 COMPREHENSIVE MASTER MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CORONA AND THE CORONA GENERAL EMPLOYEES ASSOCIATION**

#### **1. PARTIES AND DATE.**

This Side Letter of Agreement (“Side Letter”) is entered into this 21<sup>st</sup> day of June 2017, by and between the City of Corona, a municipal corporation organized under the laws of the State of California with its principal place of business at 400 South Vicentia Avenue, Corona, California 92882 (“City”), and Corona General Employees Association, a recognized employee organization (“CGEA”). City and CGEA are sometimes individually referred to as “Party” and collectively as “Parties” in this Side Letter.

#### **2. RECITALS.**

2.1 City and CGEA entered in a Comprehensive Master Memorandum of Understanding effective July 1, 2009 through June 30, 2015 (“MOU”).

2.2 Article XIII of the MOU memorializes the Parties intent to maintain the MOU as a living document and authorizes the Parties to revise the MOU during the term of the MOU.

2.3 After meeting and conferring in good faith, the City and CGEA desire to modify certain terms and conditions of the MOU as set forth in this Side Letter.

2.4 This Side Letter shall be in effect following City Council approval.

#### **3. TERMS.**

3.1 Section 4.2 – Deferred Compensation. Section 4.2 (Deferred Compensation) of Article IV (Benefits) of the MOU is hereby deleted in its entirety and replaced with the following:

*“Section 4.2 - Deferred Compensation:*

The City shall deposit into the City of Corona Deferred Compensation Plan account of each member of the Association at the end of each quarter an amount equal to that deposited by the member, not to exceed \$500.00 per calendar year. The City match shall be applied to a single provider only and cannot be split between providers. Members who fail to open a Deferred Compensation account shall forfeit this benefit.

Tier II and Tier III employees hired on or after January 1, 1999, shall receive an additional payment into their deferred compensation plan account of \$150.00 per quarter. The employee must select one provider for this benefit. Members shall receive a quarterly payment of \$50 that

will be placed in a Retirement Healthcare Savings Account. Employees may elect either the ICMA VantageCare Plan or the Nationwide PEHP.

The members of the CGEA have agreed to concede the \$500 yearly match contribution to each member's Deferred Compensation account for calendar years 2012, 2013, 2014, and 2015. The Deferred Compensation match benefit (\$500 per year) shall be reinstated beginning January 1, 2016, and thus will be recognized as part of any continuation of this contract beyond June 30, 2015. The City and the CGEA shall have the option to revisit the above deferral in April of 2014.

Employees may take out loans against their Deferred Compensation accounts subject to the following terms and conditions:

- A. Loans shall be made pursuant to a written, enforceable loan agreement.
- B. Loans shall be available for all purposes. Loans shall not exceed the lesser of (i) \$50,000, or (ii) the greater of 1/2 of the employee's account balance or \$10,000. The minimum loan amount available shall be \$1,000.00.
- C. Employees may receive one loan per calendar year and may have only one outstanding loan at a time.
- D. Loans shall be repaid in substantially equal installments of principal and interest, at least quarterly, over no more than 5 years; provided that loans for a principal residence shall be repaid in substantially equal installments of principal and interest, at least monthly, over no more than 15 years.
- E. Loans shall be made at a reasonable interest rate.
- F. Employees shall repay loans directly to the employee's deferred compensation plan provider. Loans will be in default if any payment is not made within 60 days of the date it is due or as otherwise provided in the loan agreement.
- G. If there is a default or the loan does not meet the requirements outlined above, the outstanding loan balance will be reported as a taxable distribution in addition to the amount of cash distributed from the plan, and may be subject to additional taxes for early withdrawal.

Arrangements for such loans must be initiated by the employee and

made directly with their deferred compensation provider.”

3.2 Section 7.2.10 – Annual Leave – Separation from the City. Section 7.2.10 (Annual Leave – Separation from the City) of Article VII (Leaves) is hereby deleted in its entirety and replaced with the following:

“7.2.10 Annual Leave – Separation From the City:

Employees separating from the City service shall receive payment for 100% of accrued Annual Leave.

Alternatively, an employee separating from City service for any reason (including retirement) may make an irrevocable advance election before the first day of the month of separation to contribute accrued Annual Leave remaining at separation to the employee’s account provided under the City’s 457(b) deferred compensation plan. Contributions of Annual Leave to the 457(b) plan may not cause the employee to exceed the maximum annual deferral limitation for the year in which the contribution is made (\$18,000 for 2017, plus catch-up contributions of \$6,000 for employees age 50 or older). If an employee elects to contribute Annual Leave to the 457(b) plan, any Annual Leave that exceeds the maximum annual deferral limitations will be paid to the employee as a taxable cash payment.”

3.3 Section 7.2.11 – Pay in Lieu of Annual Leave. Section 7.2.11 (Pay in Lieu of Annual Leave (Buy-Back)) of Article VII (Leaves) is hereby deleted in its entirety and replaced with the following:

“7.2.11 Pay in Lieu of Annual Leave (Buy Back):

Buy-Back Guidelines:

Members may make an advance irrevocable election each year to buy back Annual Leave that will be accrued in the following 12 month period (commencing with the first full pay period of the fiscal year and ending with the last full pay period of that fiscal year) (“Buy-Back Period”) by submitting an Annual Leave Buy-Back Request form during the last 15 days of June. Annual Leave buy back payments will be calculated at the employee’s base rate as of the last full pay period of the Buy-Back Period. Frozen Sick Leave accounts are not available for buy-back. Upon the employee’s submission of an Annual Leave Buy-Back Request, the City will buy back Annual Leave after the close of the Buy-Back Period from the employee account subject to the following criteria:

<u>Annual Leave Used</u>	<u>Min. Annual</u>	<u>Maximum</u>
<u>During The</u>	<u>Leave Remaining</u>	<u>Buy-Back</u>

<b><u>Buy-Back Period</u></b>	<b><u>After Buy-Back</u></b>
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40 Hours	80 Hours	120 Hours
60 Hours	80 Hours	140 Hours
80 Hours	80 Hours	160 Hours

Note: If an employee is out on extended Military Leave, the City will buy back up to 160 hours without the usual requirement that the employee have used Annual Leave hours during the Buy-Back Period.

Payment shall be made on the Friday after the pay day for the last full pay period of the Buy-Back Period. If an employee does not meet the requirements for a buy-back as outlined above as of the end of the Buy-Back Period, no buy-back payment will be made, provided that an employee meeting the requirements for a lower buy-back amount than elected by the employee will have his or her election automatically adjusted and will receive the corresponding lower buy-back payment. For example, if an employee submits an Annual Leave Buy-Back Request to buy back 140 hours of Annual Leave, but has only used 40 hours of Annual Leave during the Buy-Back Period, the employee's election will be automatically adjusted to request a buy-back of 120 hours. Employees may not elect to buy back Annual Leave that has accrued during a previous Buy-Back Period. Employees must submit a new Annual Leave Buy-Back Request for each Buy-Back Period and failure to submit an Annual Leave Buy-Back Request will result in the employee being prohibited from buying back Annual Leave for that Buy-Back Period.

The City will endeavor to implement, on or before July 1, 2018, a process that allows Employees to make an advance irrevocable election twice per year to buy back Annual Leave that will accrue after the election provided that the City's computer and software technology can accommodate an automated electronic method for processing Annual Leave Buy Back Request forms, as determined by the City Manager. If the City's computer and software technology can accommodate an electronic method, the City and CGEA shall meet and confer in good faith to negotiate a side letter or other agreement to implement the twice per year buy-back process, including, without limitation, the time for submission of Annual Leave Buy Back Request forms and the minimum criteria that an Employee must satisfy to buy back Annual Leave. If the City's computer and software technology cannot accommodate an automated electronic method for processing Annual Leave Buy Back Request forms, the City shall provide notice to CGEA on or before June 1, 2018."

3.4 Section 7.2.12 –Annual Leave – Tier I Employees. Section 7.2.12 (Annual Leave – Tier I Employees) of Article VII (Leaves) is hereby deleted in its entirety and replaced with the following:

“7.2.12 Annual Leave – Tier I Employees:

Tier I employees’ Annual Leave calculation will include their base pay rate and their three percent (3%) Off-Salary-Schedule Pay combined.”

3.5 Section 7.3.4 –Frozen Sick Leave – Cash Payment Provisions. Section 7.3.4 (Frozen Sick Leave – Cash Payment Provisions) of Article VII (Leaves) is hereby deleted in its entirety and replaced with the following:

“7.3.4 Frozen Sick Leave – Cash Payment Provisions:

Employees who retire, retire due to disability, or are deceased prior to retirement, after a minimum of fifteen (15) years of regular employment, will be paid three percent (3%) of their unused Frozen Sick Leave for each year of service. Payment shall be calculated at the employee's hourly rate at the time of payment. Tier I employees payment shall be calculated at the employee's then current hourly base pay rate and the three percent (3%) Off-Salary-Schedule Pay combined. Under no circumstances shall the amount paid exceed the value of the total unused Frozen Sick Leave balance in the employee's account.

Members who retire, retire due to disability, or are deceased prior to retirement after a minimum of 25 (twenty-five) years of regular employment shall be paid 100% of their unused Frozen Sick Leave. Payment shall be calculated at the employee's hourly rate at the time of payment.

An employee has the option of a cash payment or a delay in the date of retirement as the method for receiving unused Frozen Sick Leave.

Employees who are laid off as a result of Reduction in Force, after a minimum of fifteen (15) years of regular employment, will be paid three percent (3%) of their unused Frozen Sick Leave for each year of service. Payment shall be calculated at the employee's hourly base pay rate at the time of payment plus, for Tier I employees, the three percent (3%) Off-Salary-Schedule Pay. Under no circumstances shall the amount paid exceed the value of the total unused Frozen Sick Leave balance in the employee's account.

A laid-off employee with Frozen Sick Leave who is not eligible to retire will receive a cash payment according to the above terms upon separation.”


3.6 Entire Agreement; Continuing Effect of MOU. It is understood and agreed that the specific provisions contained in this Side Letter shall supersede any previous agreements, whether oral or written, regarding the matters expressly addressed herein. In addition, except as amended by this Side Letter, all wages, hours and other terms and conditions of employment presently enjoyed by the affected employees and contained in the MOU, as amended by duly approved previous side letters, shall remain unchanged and in full force and effect.

3.7 Expiration of Side Letter. This Side Letter shall expire and become null and void upon expiration of the MOU, at which time the terms and conditions of this Side Letter will be reviewed for applicability of extension into a successor agreement.

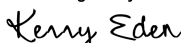
3.8 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Side Letter. The Parties agree that the execution of this Side Letter may not be challenged by the CGEA or any employee it is recognized to represent through the City's grievance procedure or in any other forum unless the challenge is based upon a factual allegation that the Side Letter was the product of fraud, intentional misrepresentation or unlawful coercion on the part of City representatives.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the date first hereinabove written.

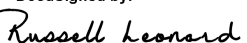
Dated: 6/21/2017 \_\_\_\_\_

DocuSigned by:  
  
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 Darrell Talbert  
 Employee Relations Officer  
 City Manager

Dated: 6/21/2017 \_\_\_\_\_

DocuSigned by:  
  
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 Kerry Eden  
 Assistant City Manager /  
 Administrative Services Director

Dated: 6/21/2017 \_\_\_\_\_

DocuSigned by:  
  
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 Russell Leonard  
 President  
 Corona General Employees Association